

Massachusetts Gaming Commission

Introducing the successful and ethical development of expanded gaming to the Commonwealth



An Act Establishing Expanded Gaming

On November 22, 2011, Governor Deval Patrick signed Chapter 194 "An Act Establishing Expanded Gaming in the Commonwealth."



Benefits of the Expanded Gaming Act

Generates New Revenue, Advances
Job Creation & Economic Development

Construction

Tourism

Hospitality

Leisure

Convention
Sectors

Principles of the Expanded Gaming Act

- **Transparent + Competitive** = Bidding of Licenses
- **Maximizes** long-term value to the Commonwealth
- **Expands** economic developments benefits across regions of the state
- **Protects** host and surrounding communities by addressing all social impacts and costs
- **Ensures** rigorous public safety, regulatory and enforcement mechanisms will be the best in the country

The Massachusetts Gaming Commission

- The legislation created an independent body – the Massachusetts Gaming Commission - responsible for overseeing and implementing the licensing process.
- The Commission consists of:
 - 5 full time commissioners
 - Chair appointed by Governor
 - One appointed by Attorney General
 - One appointed by State Treasurer
 - Remaining two appointed by all three appointing authorities (GOV, AG, TRE)



Meet the Commissioners

- **Steve Crosby, Chairman**
 - Founding Dean of McCormack Graduate School of Policy and Global Studies at UMass Boston.
 - Appointed by Governor
- **James McHugh, Secretary**
 - Former Associate Justice of the Appeals Court
 - Appointed by Attorney General
- **Enrique Zuniga, Treasurer**
 - Former Executive Director at Mass Water Pollution Abatement Trust
 - Appointed by State Treasurer for experience in corporate finance and securities
- **Gayle Cameron**
 - Retired as a Deputy Superintendent (second highest rank) with the New Jersey State Police
 - Appointed by all three appointing authorities for experience in gaming
- **Bruce Stebbins**
 - Previously served as business Development Administrator for the city of Springfield.
 - Appointed by all three appointing authorities



Mission Statement

To create a **fair, transparent, and participatory** process for implementing the expanded gaming law passed by the Legislature and signed by the Governor in November, 2011.

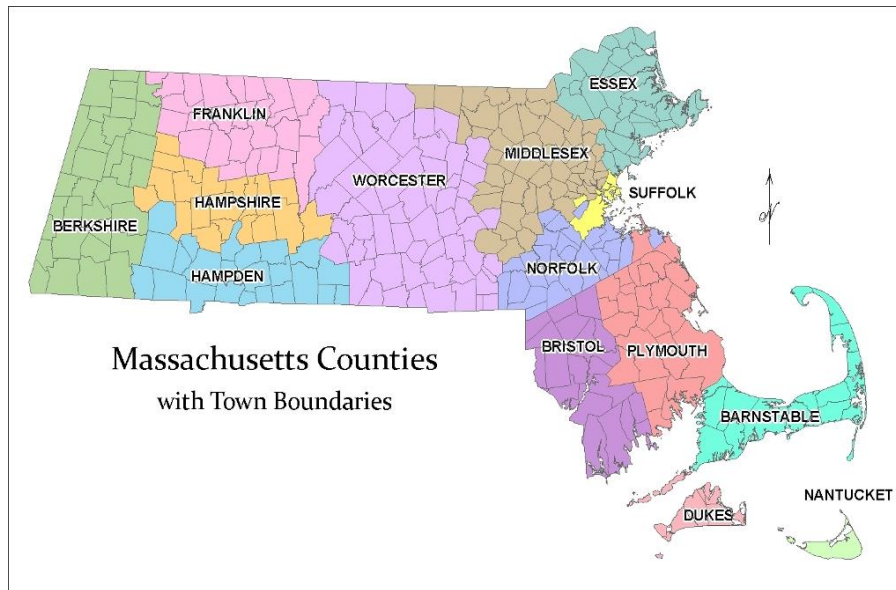
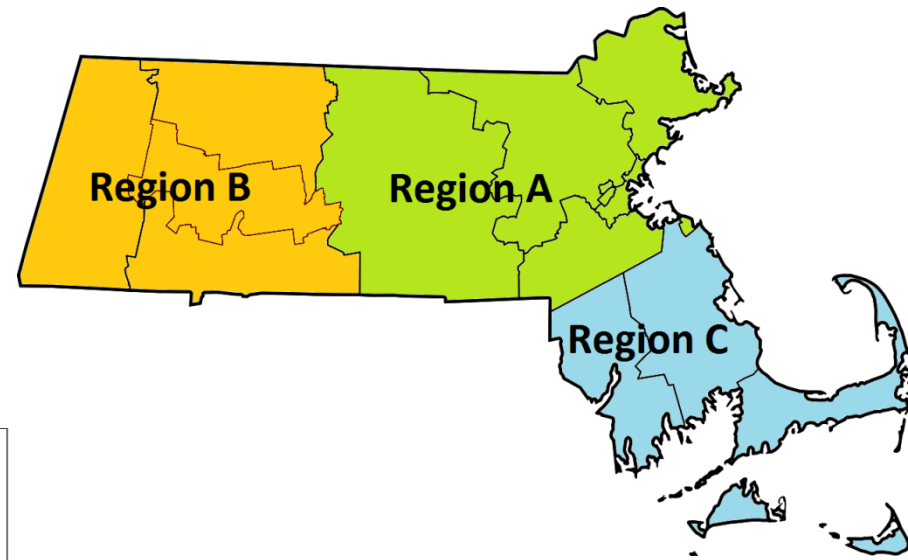
In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems:

- **Engender** the confidence of the public and participants
- **Provide** the greatest possible economic development benefits and revenues to the people of the Commonwealth
- **Reduce** to the maximum extent possible the potentially negative or unintended consequences of the new legislation
- **Allow** an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.

Gaming Legislation Details:

Three Regions

- Allows for **3** destination resort casinos in **3** geographically-diverse locations
- No more than **1** in each region
- Allows for **1** slots parlor Statewide (not restricted to regions)



Massachusetts Counties
with Town Boundaries

- **A – Central Metro Region:**
Suffolk, Middlesex, Essex, Norfolk, Worcester
- **B – West Region:**
Hampshire, Hampden, Franklin, Berkshire
- **C – Southeast:**
Bristol, Plymouth, Nantucket, Dukes, Barnstable

Legislation Details: Licensing Fees and Taxes

- **Type I License (Resort Casinos)**
 - Initial license period of **15 years**
 - **\$ 85 million** minimum initial license fee
 - **\$ 500 million** minimum investment
 - Taxed at **25%** of gross gaming revenues
- **Type II License (Slots Parlor)**
 - Initial license period of **5 years**
 - **\$25 million** initial license fee
 - **\$125 million** minimum investment
 - Taxed at **40%** of gross gaming revenue
 - Another 9% of gross gaming revenue is credited to the racehorse development fund
- **Additional fees include**
 - Application fee of not less than **\$400,000**
 - Not less than **\$50,000** to cover host and surrounding community impact studies and negotiating mitigation agreements
 - Community impact fees for host and surrounding communities
 - Must be in agreements between applicant and community
 - Annual slot machine license fee of \$600 per machine
 - Funds Commission's ongoing operations
 - Annual fee of not less than \$5,000,000 to provide programs to deal with compulsive gambling and other addictions

Legislation Details: Flow of Funds

- Revenues derived from gaming are allocated by law to:
 - Local Aid Stabilization Fund
 - Manufacturing Fund
 - Community College Fund
 - Mass Cultural Council
 - Gaming Economic Development
 - Mass Tourism Fund
 - Local Capital Projects Fund
 - Debt Reduction
 - Health Care Payment Reform Fund
 - Community Mitigation Fund
 - Public Health Trust Fund
 - Race Horse Development Fund
 - Gaming Local Aid Fund
 - Transportation Infrastructure and Development Fund

Legislation Details: Application Process

- Commission issues request for applications
- Applications are filed
 - Final application must contain, among other things
 - Host and surrounding community agreement defining all responsibilities between the community and the applicant
 - Certification that applicant will comply with “state and local building codes and ordinances and bylaws”
 - Certification that the agreement has received a binding vote in the host community or in the host ward of the three largest cities
 - Studies showing the *regional* impact and economic effect of the project
- Commission investigates
 - Two part inquiry
 - Applicant suitability
 - Remaining application components
 - Commission determines, if necessary, who the surrounding communities are
- Public hearing in the host community
- Commission decides

Legislation Details: License Criteria

- License criteria must include plans to:
 - **Maximize** economic development
 - **Promote** local small businesses and the tourism industry.
 - **Maximize** job generation while protecting existing jobs
 - **Maximize** capital investment
 - **Promote** diversity in the workforce and among suppliers
 - **Coordination** with regional and economic development plans
 - **Mitigate** compulsive gambling and other negative consequences in host and surrounding communities

Legislation Details:

License Criteria

- Commission has the authority to "develop criteria" in addition to those outlined in the legislation to
 - Determine which applications will provide the highest and best value to the Commonwealth *and the region*
- Commission will look to find innovative, strategic ways to
 - Leverage casino's investment to support other public policy objectives of the Commonwealth (e.g., infrastructure)
 - Support other critical industries (e.g., tourism, innovation economy, high tech, higher education, etc.)
 - Find other ways to preserve and enhance Commonwealth's assets and available resources

Legislation Details:

Host & Surrounding Communities

- **HOST** community = location where the casino will be located
- **SURROUNDING** communities = determined in 1 of 2 ways
 - Commission can determine
 - Defined as “municipalities *in proximity to* a host community which the Commission determines will experience or are likely to experience impacts from the development or operation of a gaming establishment”
 - In making the determination, the Commission must consider “the detailed plan of construction submitted by the applicant, information received from the public and factors which shall include, but not be limited to, population, infrastructure and distance from the gaming establishment and political boundaries”
 - Developer and community can determine
 - “[A]ny community that *has negotiated* a surrounding community memorandum of understanding with the applicant that was *submitted with the application* shall be considered a surrounding community by the Commission”

Legislation Details: Surrounding Communities

- When is the determination made
 - Anytime a town and a developer agree
 - Commission identification may be made after the Commission has reviewed an application from the developer and host community
- Consequences of the determination include
 - Funds for impact studies and negotiating agreements - paid by developer
 - Inclusion in the application of a signed agreement with a developer
 - Commission assistance in negotiating an agreement if one is not included in the application
 - Right to receive notice of a hearing on the application and to participate in that hearing
 - Requirement that the Commission consider impact on community when awarding casino license
 - Right to receive benefits from the Community Mitigation Fund
 - Right to participate on various statutory committees
- **As soon as possible, Commission will issue regulations to clarify and implement these statutory provisions**

Native American Considerations

- Governor Patrick signed Tribal Compact with Mashpee Wampanoag Tribe on July 30, 2012
- Compact authorizes tribe to operate a resort casino in Region C. Tribe has identified land in Taunton.
- Allocation = to 21.5% of gross gaming revenue back to the state
- State will distribute revenue consisted with statute
- Before a facility can open, Tribe must receive land in trust from US Dept. of Interior



Schedule, Process, Next Steps: Casino Development – Non Tribal

License Application Step	Earliest Likely Date	Latest Likely Date
Release of RFA-1	mid-October 2012	NA
Applicants submission of completed RFA-1 (pre-qualifying phase, 3 months)	December 2012	NA
Commission review of completed RFA-1 and release of RFA-2 to qualified applicants (5-9 months)	May 2013	September 2013
Applicant submission of completed RFA-2; surrounding community agreements executed and host community agreements approved by referendum (3 months)	August 2013	December 2013
Commission review of completed RFA-2 and selection of licensee(s) (3 months)	November 2013	March 2014

MGC Community Engagement

- MGC is dedicated to an open, transparent and participatory process via:
 - Weekly open meetings offered via Live Stream on our website
 - Statewide public hearings
 - Speakers Bureau
 - Scheduled “Speak Outs” at weekly meetings



Connect with Us

MGC is dedicated to keeping the public up-to-date on the latest casino news and information

Visit us: www.mass.gov/gaming

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Questions

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